

## Message Text

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PAGE 01 BAGHDA 00086 270633Z

21

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /104 W

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R 270403Z JAN 76

FM USINT BAGHDAD

TO SECSTATE WASHDC 2727

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BAGHDAD 0086

E.O. 11652: GDS

TAGS: ENRG, IZ

SUBJ: TALKS ON COMPENSATION FOR NATIONALIZED BP ASSETS

1. GEOFFREY STOCKWELL, MANAGING DIRECTOR OF B.P. TOLD P.O. ON JAN 19 THAT HE HAD THAT DAY BEGUN NEGOTIATIONS WITH IRAQI MINISTRY OF PETROLEUM ON COMPENSATION FOR B.P. SHARES IN BASRA PETROLEUM CO. NATIONALIZED BY GOI IN DECEMBER 1975. ACCORDING TO STOCKWELL, B.P. HAS SOME LEVERAGE BECAUSE COMPANY WITHHELD PAYMENT OF \$180 MILLION DUE TO GOI FOR LIFTINGS BETWEEN OCT. 1, 1975 AND DATE OF NATIONALIZATION. MINISTGY OFFICIALS ASKED STOCKWELL ABOUT THE PAYMENT AND STOCKWELL REPLIED THAT UNDER IRAQI LAW PAYMENT COULD BE OFFSET AGAINST COMPENSATION DUE FOR THE NATIONALIZED PROPERTIES. MINISTRY OFFICIAL ACKNOWLEDGED THIS WAS TRUE, BUT SAID IT WOULD HAVE BEEN "A NICE GESTURE" IF B.P. HAD MADE PAYMENT. STOCKWELL DID NOT MENTION WHETHER IRAQIS HAD MENTIONED SPECIFIC FIGURE FOR COMPENSATION, BUT NEWSPAPER ACCOUNTS SAID GOI HAD OFFERED B.P. \$20 MILLION. STOCKWELL DID SAY THAT MINISTRY OFFICIALS TOLD HIM GOI PREPARED TO COMPENSATE B.P. FOR NET BOOK VALUE OF ASSETS. STOCKWELL REPLIED THAT THIS WOULD BE ACCEPTABLE PROVIDED B.P. CONFIDENTIAL

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PAGE 02 BAGHDA 00086 270633Z

ALSO GIVEN PREFERENTIAL PRICES FOR FUTURE DELIVERIES OF OIL.

OFFICIALS REPLIED THAT THIS THEY COULD NOT DO BECAUSE MINISTRY DID NOT SELL OIL. ONLY INOC AUTHORIZED TO MAKE SALES. STOCKWELL SUGGESTED THAT MINISTRY WORK THIS OUT WITH INOC, BUT CONVERSATION ENDED INCONCLUSIVELY.

2. IN ADDITION TO WITHHELD PAYMENT STOCKWELL BELIEVES B.P. HAS SOME LEVERAGE AS A RESULT OF IRAQI DESIRE FOR BOTH TECHNICAL AND MARKETING ASSISTANCE FROM B.P. ORGANIZATION. BASRA OIL CO. EXPANSION PROGRAM IS SOUTH NOW NEARLY COMPLETED BY B.P. PERSONNEL IT WOULD BE COSTLY IN BOTH TIME AND MONEY TO BRING IN NEW PERSONNEL TO COMPLETE PROJECT. INOC ALSO HOPES TO USE ITS LONG-STANDING RELATIONSHIP WITH B.P. TO ASSIST ITS FUTURE MARKETING EFFORTS, STOCKWELL WAS NOT OPTIMISTIC, HOWEVER, THAT NEGOTIATIONS WOULD BE QUICKLY CONCLUDED.

3. STOCKWELL BELIEVED THAT BASRA OIL CO. LIFTINGS HAD DROPPED BY AT LEAST 20,000 BBLs. PER DAY AS A RESULT OF NATIONALIZATION. B.P. HAS LIFTED NO OIL SINCE THAT DATE AND STOCKWELL DID NOT BELIEVE THAT CFP HAD DONE SO EITHER.  
WILEY

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## Message Attributes

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